



End-Use

Monitoring



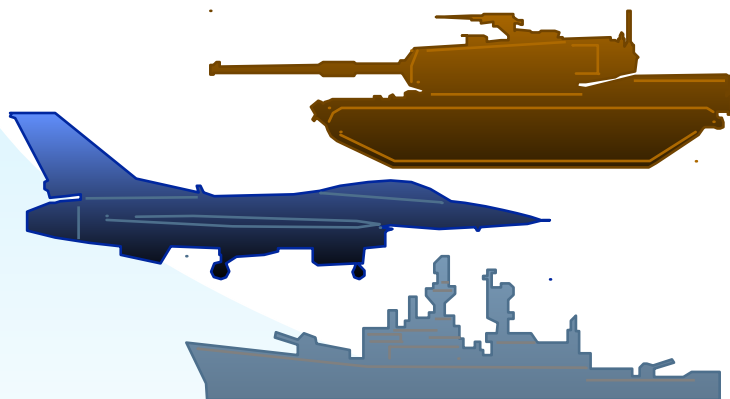
Cradle

Disposed



3rd Party

ZASTAVIA





Objectives

- **Know the goals of the Golden Sentry EUM Program**
- **Know the levels of monitoring**
- **Know the difference between “Golden Sentry” and “Blue Lantern” EUM programs**





End-Use Monitoring

Program

- President must establish an “end-use monitoring program” for articles and services transferred IAW the AECA or FAA. [Sec. 150, P.L.104-164, 21 Jul 96]
- DoS “**Blue Lantern**” program standards are to be used in identifying high-risk DCS exports.
- DoD “**Golden Sentry**” program standards are to be used in identifying high-risk FMS exports.
- Designed to provide assurance that:
 - recipient is complying with USG **end-use, third country transfer, and security requirements.**
 - are also to provide for end-use verification of **sensitive technologies vulnerable to diversion or misuse.**

[§40A, AECA]



EUM Goals

- **TECHNOLOGY SECURITY:** **Impede the access of potential adversaries** to military significant items and technologies, including those which contribute to the proliferation of weapons of mass destruction.
- **INDUSTRIAL BASE:** **Promote a capable defense industrial base** to ensure global competitiveness and continued technological advantages enjoyed by U.S. military forces over potential adversaries; and
- **FOREIGN COMPLIANCE:** **Encourage foreign government support for U.S. principles, laws, regulations, and practices** concerning the sale, transfer, and end-use of defense equipment and services.



Blue Lantern

- **DoS** program for **DCS** sales
 - Only key, sensitive items
 - **Report to DoS** through country team
 - DoS will direct further monitoring



GOLDEN SENTRY

MISSION:

Monitor the use of defense articles and services provided to foreign customers or international organizations through government-to-government programs.

OVERALL OBJECTIVE:

Minimize security risks through compliance with arms transfer provisions supporting U.S. national security and foreign policy objectives



INTERESTED PARTIES

- Congress
- State Department
- The General Accounting Office
- DoD – especially DSCA
- Defense Industry (Stake-holders)
- U.S. Partners (Customers)
- The Press



Legal Basis

SECTION 40A of the AECA:

A 1996 amendment to the AECA established a program that requires, to the extent practicable, monitoring of US arms transfers by providing “reasonable assurance” that recipients comply with USG export control requirements regarding the use, transfer, and security of defense articles and services.



Conditions of Eligibility - Grants

- No defense articles or related training or other defense service shall be furnished to any country on a grant basis **unless the country agrees to the following “use” provisions:**
 - Limits use to government officers, employees, and agents
 - Does not permit unauthorized transfers
 - Does not permit use for purposes other than those for which furnished
 - Maintain required security
 - **Allow observation and provide information**
 - Return equipment to the U.S. when no longer needed

[§505, FAA]



Eligibility Requirements for FMS

- **Furnishing of defense articles / services must strengthen U.S. security & promote world peace.**
- **No retransfers without Presidential consent**
- **No use of articles / services for purposes other than for which furnished, unless consent of the President has first been obtained.**
- **Recipient to maintain security of such article**
- **Country or international organization must otherwise be eligible to purchase articles**

**[§3,
AECA]**



Authorized End Uses

- **Sec. 502 FAA and Sec. 4 AECA say defense articles and services shall be furnished or sold solely for:**
 - **internal security**
 - **legitimate self-defense**
 - **participation in regional or collective arrangements consistent with the Charter of the United Nations**
 - **economic and social development activities in lesser developed friendly countries**



LOA Verification Statement for FMS or Leased Items

Effective 29 Nov 99, any agreement for the USG sale (FMS) or lease of USML items will include a statement that the USG retains the right to verify credible reports that such items have been used for purposes other than agreed upon.

[\$3(g), AECA]

Reflects amending language from §1225, P.L.106-113, 29 Nov 99



DSCA Responsibilities

- **Manage DoD EUM program**
- **Policy and guidance**
- **Coordinate all EUM notes and provisos on LOAs**
- **Forward reports of possible violations to DoS**
- **Publish reports of lessons learned**



DISAM ***Responsibilities***

- **Include EUM instruction in appropriate courses**
- **Maintain a Golden Sentry POC**



MILDEP & IA Responsibilities

- **Identify sensitive technologies and arms transfers**
- **Include non-standard notes for articles and services that require physical security and accountability procedures**
- **Report possible violations to DSCA**
- **Incorporate EUM into workforce training programs**
- **Maintain a Golden Sentry POC**



Area Combatant Commands Responsibilities

- **Maintain a Golden Sentry POC**
- **Assign EUM as a primary responsibility to SAOs**
- **Assess effectiveness of EUM compliance**
- **Ensure that EUM level of effort is captured for budget planning**
- **Provide adequate funding for EUM**



SAO Responsibilities

- **Maintain a Golden Sentry POC**
- **Conduct routine EUM visits in conjunction with other duties**
- **Establish reporting procedures w/ HC for EEUM articles and information**
- **Report to DSCA when required inventories are completed**
- **Provide DSCA projected dates of future compliance visits**
- **Establish liaison with embassy "Blue Lantern" representative**
- **Support Golden Sentry team visits and coordinate w/ HC**



EUM Levels of Monitoring

ROUTINE EUM :

- **Conducted on defense articles/services transferred to a trusted partner**
- **Performed in conjunction with other required SA duties**

ENHANCED EUM (EEUM):

- **Sensitive defense articles and/or services)**
- **LOAs may contain notes or provisos requiring greater physical security and accountability**
- **Contingent on Trust with Verification**
- **May require compliance visit by DSCA team**



EUM Responsibilities

TRUSTED PARTNERS :

Demonstrate support for U.S. principles, laws, regulations, and practices associated with the sale, transfer, and end-use of defense equipment and services embodied in signed agreements, e.g. Letters of Offer and Acceptance and Sec 505 Agreements.



End Use Monitoring Controls

- **Authorized Item recipients**
 - **Prove consistently trustworthy**
 - **Maintain good interface**
 - **Maintain good internal accountability**
- **System of check and cross checks**
 - **Items ordered are authorized**
 - **Agreed to protect articles or information**
 - **Release is properly cleared with USG**
 - **Delivery to authorized representative**



Triggers - Customer

- **Reluctance to provide end user information**
- **Extremely lucrative terms**
- **Business background info scanty / unavailable**
- **Unfamiliar with product or its application**
- **Declines service, warranty, spares, etc.**
- **Orders incompatible products or options**
- **Provides vague delivery dates / locations**



Triggers -Shipment

- **Involvement of a private intermediary**
- **Freight forwarder designated as end user**
- **Foreign intermediate consignee with incompatible location or business**
- **Customer requests direct shipment to trading company/forwarder not connected to purchaser**
- **Customer requests incompatible packaging**
- **Circuitous/economically illogical routing**



Triggers - End User

- **Equipment doesn't match requirements or inventory**
- **Requests excess spares**
- **Performance / design incompatible with resources**
- **End use incompatible w / consignee's business**
- **Non-standard use or practice**
- **Order from country other than end user**



Article Transfer/Disposal Process

- **Customer (via USEMBASSY/SAO) forwards request with following information:**
 - Detailed description of equipment
 - Proposed recipient and intended end-use
 - Original acquisition value
 - Means of original acquisition (i.e., FMS, EDA, MAP)
 - ITAR designation (SME, non-SME)
- **If transfer request, DoS sends required end-use, security and retransfer assurance language to Recipients**
- **Transfer concurrence upon EUM Acceptance by Recipients**



Blue Lantern/Golden Sentry

- **Blue Lantern** focuses on Direct Commercial Sales (DCS)/Export Licensing (USML articles).
- **Golden Sentry** focuses on government-to-government, “cradle-to-grave”, i.e., requesting, ordering, shipping, receiving, use and final disposition.



AUTHORITY/GUIDANCE

Reference	Subject
AECA, Sections 3(g), 38(g)(7), and 40A	End-use monitoring of Defense articles and services for identifying high-risk exports for regular end-use verification
FAA, Sec 505 FAA, Sec 515(a)	Permits observation of use of articles, services and training Overseas management of assistance and sales programs
DoD Manual 4160.21-M DoD Manual 5100.76-M DoD Manual 5105.38-M	Demilitarization Manual Arms, Ammunition and Explosives (AA&E) Security Assistance Management Manual (Ch. 8)



End-Use Monitoring

- **To protect U.S.-origin items**
 - **Impeding the access of potential adversaries**
 - **Promoting a capable defense industrial base**
- **Promoting foreign government support for U.S. principles**
- **To ensure proper end-use**
 - **Intended purpose of the item**
 - **Re-transfer reassurances**
 - **Remains controlled and accounted for by proper user**
- **Verification/reports**
- **Part of day-to-day operations**

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